Physicians are moving to new payment models, but need help successfully managing and responding to the many quality programs and metrics from payers to ensure long-term sustainability, according to a new joint study by the RAND Corporation and the AMA.

Researchers conducted case studies of 34 physician practices in six diverse geographic markets to determine the effects that alternative health care payment models are having on physicians and practices. The models under investigation included episode-based and bundled payments, shared savings, pay-for-performance, capitation and retainer-based practices. Two other organizational models, accountable care organizations and medical homes, also were examined.

Here are the five things physicians should know about the report:

1. The effect that alternative payment models have on practice stability, including the overall financial impact, ranged from neutral to positive. Among practices surveyed, none experienced financial hardship as the result of involvement in new payment models.
2. Physicians generally agreed that the transition to alternative payment models has encouraged the development of collaborative team-based care to prevent the progression of disease.
3. Most physician leaders were optimistic about alternative payment models, while physicians not in leadership roles expressed some apprehension, particularly about certain new documentation requirements. For example, physicians were supportive of new patient registries that list patients with certain health conditions as a way to improve care, but had concerns about documentation requirements where the link to better care was less clear.
4. The operational details of alternative payment models can either help or hinder practices' efforts to improve their own processes. For example, practices are investing in information systems to analyze large amounts of data about practice patterns. But when crucial data—like quality performance feedback—are missing or inaccurate, it is difficult for practices to use data analysis to improve care and reduce spending.
5. Most medical practices have shielded individual physicians from direct exposure to new financial incentives created by payers. While practices are paid more for improved performance,
they generally use nonmonetary incentives to encourage physicians, including providing performance feedback.

The report’s findings will guide the AMA’s work in improving alternative payment models and helping physician practices successfully adapt to changes in the health care environment. The findings also point to the need for payers to make similar investments in managing the information that physicians collect.

In addition, payers should consider ways to harmonize key components of alternative payment models, especially performance measures, according to the report. Lastly, if government regulations can be aligned with alternative payment models, physicians will be able to devote more attention to making changes that benefit patients.

The findings dovetail with the AMA’s Professional Satisfaction and Practice Sustainability initiative, which is ensuring that physicians can successfully navigate the health care environment through sustainable practices that can result in improved outcomes for patients and greater professional satisfaction.

“The AMA is committed to ensuring physicians in all specialties and practice sizes can participate successfully in new payment models that allow them to efficiently provide the best care to patients,” said AMA President-elect Steven J. Stack, MD. “Progress toward the high goals of payment reform requires a clear path forward, and insights from the new AMA-RAND report will provide missing information on the real-world impact of payment reforms on busy physician practices that can help improve current and future alternative payment programs.”

AMA advocacy is focusing on reducing the tsunami of regulatory penalties and working to make it easier for physicians to adopt new payment models. In the immediate future, the AMA is urging Congress to eliminate the failed Medicare sustainable growth rate (SGR), which will make it easier for physicians to budget and plan for practice innovations such as new payment models.

Watch AMA Wire® for deeper dives into the results of the AMA-RAND study in the coming weeks.